CHAPTER I

INTRODUCTION
INTRODUCTION

The life insurance sector has played a vital role in the economic development of our nation. It acts as a mobiliser of savings, financial intermediary, promotor of investment activities, stabilizer of financial markets and a risk manager. India is still an under-insured country in the world. This indicates that there is a huge potential, yet to be explored. India’s economic development made it a most lucrative insurance market in the world. Before the year 1999, there was monopoly of state run Life Insurance Corporation of India transacting life business. In the wake of reform process and passing of Insurance Regulatory and Development Authority (IRDA) Act through Indian parliament in 1999, Indian insurance was opened for private companies. Liberalization of the insurance sector has allowed the foreign players to enter the market with their Indian partners. Most of the foreign insurers have joined within the local market. India offers immense possibilities to foreign insurers since it is the world’s most populous country having over a billion people. (Vinayagamoorthy, 2012)

India, insurance is a flourishing industry, with several national and international players competing to excel. With several reforms and policy regulations, the Indian insurance sector has witnessed tremendous growth in the recent past. Insurance can be defined as a “legal contract between two parties whereby one party called insurer undertakes to pay a fixed amount of money on the happening of a particular event which is uncertain.” The other party called insured pays in exchange a fixed sum known as premium. Insurance is desired to safeguard oneself and one’s family against possible losses on account of risks and perils. It provides financial compensation for the losses suffered due to the happening of any unforeseen event. Life insurance provides financial security to the family of a policyholder in the event of his/her death. This is the most popular insurance policy, as most people want to ensure that their family members remain financially secure in the event of their death. Till date, only 20% of the total insurable population of India is covered under various life insurance schemes (Singh, Jain 2008).

Despite the liberalization of India’s insurance market, still much need to be done towards the ultimate goal of improving the nation’s insurance penetration and
coverage. However, with improving product awareness and increasing demand for long-term financial investment solutions from rising household income, long-term growth opportunities in the insurance industry overshadows threats implied by present prevailing macroeconomic situation. Growth has been helped by the availability of more products such as unit-linked, whole-life, pension and health policies. The emergence of multiple distribution channels like bancassurance, broking, corporate agency, direct to complement the existing third party agency and in-house salaried sales force have also contributed to increased sales.

The liberalization of the Indian insurance sector has been the subject of much debate for some years. The policy makers were in dilemma. As some of them wanted competition, development and growth of insurance sector which is extremely essential for channeling the investments in to the infrastructure sector. On the other end, others had the fear that the insurance premium which is substantial, would move out of the country and they wanted to have a cautious approach of opening for foreign participation in the sector. Some have opinion that large scale of operations, public sector bureaucracies and cumbersome procedures can hamper growth of public sector insurer. Therefore, potential private entrants are given entry in this area so that the consumer will gain high customer service, speed and flexibility. They pointed out that their entry will mean better products and choice for the consumer. The critics counter that the benefit will be slim, because new players will concentrate on affluent urban customer. Finally, IRDA has opened the doors for the private entry into insurance. While estimating the potential of the Indian insurance market, we often tempt to look at it from the perspective of macro-economic variables such as the ratio of premium to GDP, which is indeed comparatively low in India. India’s life insurance penetration was 4.4% in 2010-11 which slipped down to 3.9% in 2011-12. This happened for the first time in Indian life insurance history since privatization. The fact is that, the large part of number of potential buyers of insurance population is certainly uncovered. However, this ignores the difficulties of approaching this population. Much of the demand may not be accessible because of poor distribution, large distances or high costs relative to returns. (Chopra, 2012).
1.1 Origin and Development of Life Insurance

1.1.1 Meaning of Life Insurance

Life insurance is a contract by which the insurer, in consideration of a certain premium either in a gross sum or by periodical payments, undertakes to pay to the person for whose benefit the insurance is made, a certain sum of money on the death of a person whose life is insured or on the expiry of a certain period, whichever is earlier. (Bishnoi, Sane 2010).

1.1.2 Origin and Development of Life Insurance

It was in the 18th century that societies began to be formed in the UK for issuing life policies. Among such societies, the Amicable Society (1705), the Equitable Assurance Society (1762), the Westminster Society, was the important ones. In India, the first life insurance company established was an English company, in 1870. The first Indian Life company, the Bombay Mutual Assurance Society Ltd. was also formed in the same year (1870). It was followed by setting up of large number of life insurance companies, both public and private (Bishnoi, Sane 2010).

Life insurance traces its origin in India to the early nineteenth century when companies insured the lives of Europeans living here. Eventually, these companies began to cover the Indians as well but required them to pay higher premiums. Regulations were passed to regulate the Indian insurers (but not the foreign companies providing insurance services in India) and to allow collection of information about insurance companies, thus facilitating comparison amongst them. However, the legislations became insignificant with time and the government nationalized the sector by combining all the 154 India private insurance companies to give birth to one behemoth: the Life Insurance Corporation of India. It was also envisioned that the nationalization of this sector would lead to more effective mobilization of funds to enable capital to be allocated to development projects. Besides the charter of freedom also pleaded the control of the state on key industries such as banking and insurance. Thus, the industry was transformed from a competitive one to a highly regulated monopoly (Gupta, 1997). LIC, for a long period of time has enjoyed a dominant market of life insurance and the fact cannot be denied that LIC has a pre accomplished
market leadership which makes it difficult for the new players to compete, while the new players struggle to increase their market in India. LIC continue to leverage advantage of its old establishment and government support for maintaining its growth. Life insurance is the fastest growing sector in India since 2000 as Government allowed private players and FDI upto 26%. Life insurance in India was nationalized by incorporating Life Insurance Corporation (LIC) in 1956. All private life insurance companies at that time were taken over by LIC. In 1993, the Government of India appointed RN Malhotra Committee to lay down a road map for privatization of the life insurance sector. While the committee submitted its report in 1994, it took another six years before the enabling legislation was passed in the year 2000, legislation amending the insurance Act of 1938 and legislating the Insurance Regulatory and Development Authority Act 2000. In the same year, the newly appointed insurance regulator – Insurance Regulatory and Development Authority (IRDA) – started issuing licences to private life insurers. Life insurance sector in India is growing rapidly as the sector was opened up for the private and foreign players in year 2000 (Thakur, 2010).

In the last decade of the 20th century, India watched history repeat itself. With the government implementing the New Industrial Policy in 1991, the country underwent a major wave of globalization. Strategic sectors such as the banking and the financial sector were reformed. Time had come for the policymakers to introspect the current policies in the Indian insurance industry as well. Committees on insurance sector reforms followed suit and it was found that India had continued to be one of the least insured countries till the last 20th century. Experts emphasized that customer service, insurance coverage, allocation of resources needed to be improved within the industry. Thus, it was recommended that the industry should be opened up to enhance competition. The life insurance was liberalized with the aim of increasing contribution to the GDP and to the society (www.insuranceprofessional.com).

1.2 Malhotra Committee’s Recommendations:

The committee submitted its report in January 1994 recommending that private insurers be allowed to co-exist along with government companies like LIC and GIC companies. This recommendation had been prompted by several factors such as need for greater deeper insurance coverage in the economy, and as much a greater scale of
mobilization of funds from the economy for infrastructural development. Liberalization of the insurance sector is at least partly driven by fiscal necessity of tapping the big reserve of savings in the economy. Committee’s recommendations were as follows:

1. Raising the capital base of LIC and GIC up to ₹200 crores, half retained by the government and rest sold to the public at large with suitable reservations for its employees.
2. Private sector will be allowed to enter insurance industry with a minimum paid up capital of ₹100 crores.
3. Foreign insurance be allowed to enter by floating an Indian company preferably a joint venture with Indian partners with 26% stake.
4. Steps are initiated to set up a strong and effective insurance regulatory in the form of a statutory autonomous board on the lines of SEBI.
5. Limited number of private companies to be allowed in the sector. But no firm is allowed to operate in both lines of insurance (life and non-life).
6. Tariff Advisory Committee (TAC) is delinked from GIC to function as a separate statutory body under necessary supervision by the insurance regulatory authority.
7. All insurance companies be treated on equal footing and governed by the provisions of Insurance Act. No special dispensation is given to government companies.
8. Setting up of a strong and effective regulatory body with independent source for financing before allowing private companies into sector.

(www.insuranceprofessional.com)

1.3 Insurance Regulatory and Development Authority Act (1999) and Privatization of Life Insurance Sector

Government companies had to face competition to private sector insurance companies not only in issuing various range of insurance products but also in various aspects in terms of customer service and channels of distribution. However government passed insurance regulatory and development Authority (IRDA) Act in 1999 to regulate the Insurance business in the country. As the result the private sector was allowed to
enter both in General and life insurance sector. IRDA allowed foreign participation upto 26 per cent in equity share holding of private companies.

Figure 1.1

Globally Competitive Insurance Industry

- Privatization
- More Players
- More Variety of Products
- Increase in Insurance Penetration

Globally Competitive Industry

- Regulation
- Improved Industry Standards
- Consumer Protection

Source: Rastogi, Sarkar (2006)

Figure 1.1 reveals that after privatization in year 2000, the number of private players increased and their entry was accompanied by variety in life insurance products. As a result, insurance penetration rate started increasing from the very first year of entry. The companies had to follow the regulatory framework laid down by IRDA which resulted in improvement in industry standards and the consumer was also protected under these regulations.

Life Insurance Corporation of India was the only player prior to liberalization but its monopoly was challenged with the entry of private companies in life insurance business in year 2000. In the post liberalization period, the life insurance industry of India has witnessed the remarkable growth and it is being forced to face tough competition from domestic as well as international private life insurance players. In the first year of Insurance market liberalization (2001), ten private companies had entered life insurance sector and this number has increased to 23 in 2012. At present public giant insurer LIC is facing direct competition with 23 private life insurers. (Tiwari, 2012)
1.4 Foreign Direct Investment and Life Insurance

Life insurance covers the total Indian population. India needs that more players come in life insurance sector and cover a large population with life insurance. For this, it is required to allow more foreign direct investment in insurance sector so that more funds are available with foreign players come in market and the size of market grows. There is scope of higher capital infusion, the higher the growth of market possible. Despite the progress, India’s insurance sector remains very small compared with some of the major emerging markets. India’s share of global insurance market is less than 1%. The insurance industry lags behind other economies in the baseline measure of insurance penetration. Industry is now open to private players under the government mandate of a minimum capital of ₹100 crore of which a maximum of 26% stake can be held by a foreign partner as equity. Global insurers are now permitted to set up and register a domestic company in order to write business in India. Thus, to participate in the market, they must form a joint venture with an Indian partner that is able to invest the remaining funds.

The equity investments limit is the same for global reinsurers seeking to write business in India, but they are required to put up a capital of approximately US$45 million in order to establish a domestic company. A recent proposal has been put forward to increase foreign direct investment to 49 percent. In addition, global companies are pushing for the right to establish branch offices in India. These changes are likely to substantially increase the presence of international insurers, reinsurers, and brokers in India. FDI in insurance would increase the penetration of insurance in India, where the penetration of insurance is abysmally low with insurance premium at about 3 percent of GDP against about 8 percent global average. This would be better through marketing effort by Multi National Companies, better product innovation, consumer education etc. An increase in FDI in insurance would indirectly be a boom for the Indian economy, the investments notwithstanding but by making more people invest in long term funds to fuel the growth of the Indian economy. On 13th January, 2011, in a move to dent investor sentiment, the parliamentary standing committee on finance rejected government’s move to further open the insurance sector. The Insurance Amendment Bill, tabled in parliament, had proposed to raise the foreign investment limit in the key financial sector to 49% from 26% fixed a decade ago. A majority of
committee members felt that a higher foreign direct investment ceiling could affect domestic players. Though the government is not bound to accept the standing committee’s recommendations, the suggestions have made its daunting and force it to cut deals with small groups in Lok Sabha to muster support for the passage of the bill. FDI cap is the biggest entry barrier stopping the growth of the life insurance market and narrowing down the market size. With the opening up of market for foreign players, the competition will get a boost and the service will reach out for masses increasing the size of market. With no profits or little profits to private players, there is a requirement of Capital Adequacy Ratio. As the market grows, the market has to meet out the capital adequacy norms (Thakur, 2010).

1.5 Current Pattern and Development in Life Insurance Market

Life insurance markets tend to take time to develop, often developing later than banks and non-life insurance companies. This reflects the fact that long term savings across the population as a whole increases as standards of living rise and as standard of living has improved. The pattern of the growth of national life insurance markets tends to follow an S-shaped pattern as depicted in Figure 1.2. As GDP per head within an economy remains low, spending on life insurance remains low, often growing less than the growth of GDP. But as GDP per head increases beyond a certain threshold, spending of life insurance begins to accelerate. At very high level of GDP per head, the rate of acceleration tends to slows, partly due the fact that wealthier economies tend to have older populations who begin to keep their savings low during retirement.
Table 1.1

<table>
<thead>
<tr>
<th>Life Insurer</th>
<th>Market Share %\textsuperscript{age}</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIC</td>
<td>63.47</td>
</tr>
<tr>
<td>ICICI Prudential Life Insurance</td>
<td>5.88</td>
</tr>
<tr>
<td>SBI Life</td>
<td>4.4</td>
</tr>
<tr>
<td>HDFC Standard Life Insurance</td>
<td>5.66</td>
</tr>
<tr>
<td>Max Life Insurance</td>
<td>3.14</td>
</tr>
<tr>
<td>Bajaj Life Insurance</td>
<td>2.73</td>
</tr>
<tr>
<td>Birla Sun Life Insurance</td>
<td>2.46</td>
</tr>
<tr>
<td>Reliance Life</td>
<td>2.3</td>
</tr>
<tr>
<td>Others</td>
<td>9.96</td>
</tr>
</tbody>
</table>

Source: www.irda.org.in

Table 1.1 shows the market share of leading life insurance players in India relating to the period till December 2012. LIC is leading life insurance market with 63.47% market share. In case of private life insurance companies, ICICI Prudential Life
Insurance Company is leading with 5.88% market share. SBI Life possess 4.4% market share and other companies have captured 9.96% market share.

Figure 1.3
Insurance Penetration in India

<table>
<thead>
<tr>
<th>Year</th>
<th>Penetration (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>2.15</td>
</tr>
<tr>
<td>2002</td>
<td>2.59</td>
</tr>
<tr>
<td>2003</td>
<td>2.26</td>
</tr>
<tr>
<td>2004</td>
<td>2.53</td>
</tr>
<tr>
<td>2005</td>
<td>2.53</td>
</tr>
<tr>
<td>2006</td>
<td>4.10</td>
</tr>
<tr>
<td>2007</td>
<td>4.00</td>
</tr>
<tr>
<td>2008</td>
<td>4.00</td>
</tr>
<tr>
<td>2009</td>
<td>4.60</td>
</tr>
<tr>
<td>2010</td>
<td>4.40</td>
</tr>
<tr>
<td>2011</td>
<td>4.10</td>
</tr>
<tr>
<td>2012</td>
<td>3.90</td>
</tr>
</tbody>
</table>

Source: www.irda.org.in

Figure 1.3
Insurance Penetration in India

Source: www.irda.org.in
1.6 The Insurance Industry: Today and Tomorrow

The insurance industry is a significant player in the global economy. The insurance industry is a key influencer in the turbulent capital market. This industry has employed millions of people. Industry has considerable exposure to social, political, and economic dynamics that will shape the insurance industry in next 10 years to 15 years. Global dynamics are forcing change on an industry rooted in time-tested practices and traditional business culture. Sophisticated customers are demanding more choices, increased transparency in areas such as rates, claims and greater convenience. Government and markets are demanding transparency and adherence to strict safeguards related to data, risk and reserving, sales, and other business practices. Competition is emerging from new players with new business models and non-traditional delivery processes. In addition, long-held assumptions about the place of insurance companies in the value chain are suddenly open to question. The present position of life insurance sector is explained as follows:

- The pace of mergers and acquisitions (M&A) has accelerated in the global insurance industry, and will happen in India too over the next decade. This acceleration creates challenges for IT departments that are tasked with integrating desperate business applications, inflexible core systems, and vast yet still valuable repositories of legacy data. On the business side, managers are also faced with bringing together different business models, cultures, and work-styles. Globalization is creating opportunities for regional and national insurers to expand into new markets, where they must find ways to operate effectively in unfamiliar business and regulatory conditions. Meanwhile, the ease of operating across geographic and industry boundaries has lowered the barriers to entry for new competitors.

- New entrants to the industry and increasing customer demands are creating a need for new product development capabilities like before.

- There are continued advancements in technology. In addition, the increasingly skilled workforces in emerging markets can support continued outsourcing. But many insurers are now asking whether the outsourcing value proposition is still as compelling as it was in years past.
The insurance industry as a whole needs to contend with the challenge of how it attracts a new generation of both workers and customers. Although the industry’s business is stable it is also stale. Despite all of these pressures, the big change in the insurance industry still has not happened yet. Centuries-old models and cultures persist at many leading firms, and strategic planning efforts remain focused on traditional sources of competition and growth. There is an enormous opportunity for those insurers who can get out ahead of the curve, through agile systems and processes that will allow them to react more quickly and effectively to unexpected change. In this new world of work, insurers will be challenged to:

- Create new business models
- Turn static data into dynamic
- Embrace new delivery models
- Empower the next-generation workforce

Each of the issues has an information technology (IT) dimension, in that IT infrastructure and software can help insurers marshal the resources they need and streamline cumbersome processes. However, IT alone is not enough. New technology must be accompanied by changes in work practices, processes and organizational culture. These changes bring together the benefits of new systems and software with the skills, knowledge and experience of the people whose talents drive business performance (Centre for Insurance and Financial planning accessed on April 4, 2012).

Insurers are the earlier adopters of technology. Because of the information revolution, customers are free to choose from a wide range of new and innovative products. The insurance companies are utilizing the information technology applications for better customer service, cost reduction, new product design and development and many more. New technology gives the policyholders better, wide and faster access to products and services. The impact of information technology in insurance business is being felt at an accelerating pace. In the initial years, information technology was used more to execute back office functions like maintenance of accounts, reconciling broker accounts, client processing etc. With the advent of database concepts, these functions are better integrated in an administrative efficiency. The real evolution has, however, emerged out of internet boom. The internet has
provided brand new distribution channels to the insurers. The technology has enabled the insurer to innovate new products, provide better customer service, deeper and wider insurance coverage to them. At present, insurance companies are giving customers a distinct claim identity to track claims on-line, entertaining on-line enrollment, eligibility review, financial reporting, billing and electronic fund transfer facility. (Vinayagamoorthy, 2006).

1.7 Current Structure of Life Insurance Sector In India

Apart from Life Insurance Corporation, the public sector life insurer, there are 23 other private sector life insurers, most of them joint ventures between Indian groups and global insurance giants.

Figure 1.4

Current Structure of Life Insurance Sector In India

Figure 1.4 reveals that at present there are 24 life insurers operating in India. It is indicated that there is only one public sector life insurance player i.e. LIC and remaining 23 companies are operating in private life insurance sector.

1.8 SWOT Analysis of Life Insurance Sector:

Privatization of insurance eliminated the monopolistic business of Life Insurance Corporation of India. It helped to introduce new range of products which covered wide range of risks. It resulted in better customer services and help improve the variety and price of insurance products. The entry of new players has speeded up
the spread of both life and general insurance. It will increase the insurance penetration and measure of density. Entry of private players will ensure the mobilization of funds that can be utilized for the purpose of infrastructure development. The participation of commercial banks into insurance business helped to mobilization of funds from the rural areas because of the availability of vast branches of the banks. Most important, not the least tremendous employment opportunities were created in the field of insurance which is a burning problem of the present day issues. There is low penetration in the market and there is great opportunity to more players to participate in this field to increase the life insurance market. LIC is a state owned enterprise. LIC emerged as a dominant enterprise over a long period of time and in the 10 years of the opening of this sector. LIC has retained large market share. Also, the industry has not been able to cover much percentage of people in the country. Out of approx. 3% of the population covered, LIC has a large percentage of people covered under it (Thakur, 2010). Since distribution will be a key determinant of success for all insurance companies regardless of age or ownership, the nationalized insurers currently have a large reach and presence. New entrants cannot and do not expect to supplant or duplicate such a network. Building a distribution network is expensive and time consuming. This will restrict new entrants to penetrate in the market easily. The product policies of nationalized insurance companies are varied and focus the need of Indian customer. Thus, even in small village there is a nationalized policyholder. New entrant cannot at the initial stage expect the penetration and variety of products as the small amount of policies will increase their carrying cost. Being government owned subsidiary and existent since 1956, people of India have real faith and are confident in parting their valuable savings with nationalized insurance companies. Being in operation from 1956, nationalized insurance companies have large and scattered human resource, which is very important for targeting huge mass. The same will not be possible for the new private entrants in the initial years, and if so, they will lack in experience and patience, which is foremost quality of an agent. Despite of the above benefit, there are many other areas in insurance sector where with planned strategy the new entrants can penetrate themselves in the market. The new entrants would be best served by micro-level pronged strategies.
They can introduce innovative products offering a right mix of flexibility/risk/return depending which will suit the appetite of the customers. They can target specific niches, which are poorly served or are not served at all. Being the agrarian economy, again there are immense opportunities for the new entrants to provide the liability and risks associated in this sector like weather insurance, rainfall insurance, cyclone insurance, crop insurance etc. The financial sector is aggressively targeting retail investors. Housing finance, auto finance, credit cards and consumer loans all offer an opportunity for insurance companies to introduce new products like creditor insurance etc. Similarly, organized sector sales of TVs, refrigerators, washing machines and audio systems. Only a negligible portion of these purchases is insured. Potential buyers, for most of this insurance, lie in the middle class. This may be huge market for new private entrants. The lack of a comprehensive social security system combined with a willingness to save in India will lead to a large demand for pension products. However, current penetration is poor. Making pension products into attractive saving instruments would require only simple innovations already prevalent in other markets. For example, their returns might be tied to index-linked funds or a specific basket of equities. Buyers could be allowed to switch funds before the annuities begin and to invest different amounts at different times (Chopra, 2012).
Table 1.2
SWOT Analysis of Life Insurance Sector

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Insurance having currently good market</td>
<td>• Insurance companies are often slow to respond to changing needs</td>
</tr>
<tr>
<td>• Premium rates and commissions are increasing</td>
<td>• Buying insurance policy is a cumbersome process</td>
</tr>
<tr>
<td>• The variety of products are increasing</td>
<td>• Products or services are similar to competitors’</td>
</tr>
<tr>
<td>• IT bringing new dimensions to insurance sector</td>
<td></td>
</tr>
<tr>
<td><strong>Opportunities</strong></td>
<td><strong>Threats</strong></td>
</tr>
<tr>
<td>• Technology is improving, paperless transactions are available</td>
<td>• New substitute products emerging</td>
</tr>
<tr>
<td>• Busy life, customers need flexible and customizable policies</td>
<td>• Increasing expenses and lower profit margins will hit hard on the smaller agencies and insurance companies</td>
</tr>
<tr>
<td>• Mobile insurance could be a hit.</td>
<td>• Government regulations on different issues can quickly change the direction of insurance.</td>
</tr>
<tr>
<td>• New innovations in technology</td>
<td></td>
</tr>
</tbody>
</table>

*Source: www.dolcera.com*

1.9 Research Gap and Need of the Study

Insurance industry was made open to private players in year 2000, this widened the scope of innovative products, distribution strategies and service quality. Distribution strategy is a fresh wave engulfing all the areas and needs to be explored extensively if insurers wish to be successful in future. The review of literature indicates
that not many studies have been conducted in India which throws the light on perception of intermediaries towards distribution channels and the challenges experienced which comes along with the emerging channels.

The review of literature also indicates that most of the studies are restricted to privatization of life insurance industry and services provided by industry to the customers. Further the review of empirical studies conducted on distribution channels revealed that hardly any comprehensive study has been conducted to examine the perception of customers and intermediaries towards the concept of distribution strategies (for details see review of literature chapter two).

The present study is an attempt to examine the performance of different distribution channels and financial appraisal of life insurance companies. The perception of both customers and intermediaries will be empirically examined. It will also try to highlight the challenges faced by intermediaries in selling life insurance policies. Among different issues in the life insurance, this topic has been chosen because till now, empirical work on life insurance issues is basically related to LIC’s working, services, variety of products, satisfaction level of customers and scope for entry of private sectors. The attempt will be made to see the impact of multiple distribution channels on LIC, private sector life insurance companies and the distribution strategies which they will adopt to make distribution of life insurance successful.

1.10 Objectives of the study

The major objects of this study are developed out of intensive review of literature. They include the following:

1. To examine theoretically the alternate distribution of life insurance business in India.

2. To make a study of the competitive distribution strategies adopted by life insurance players.

3. To make the financial appraisal of life insurance companies by studying the impact of alternate distribution channels.
Chapter 1

4. To study the perception and satisfaction of customers towards various distribution channels and strategies.

5. To study the perception of intermediaries involved in selling life insurance business.

6. To make recommendations regarding the future prospects of the distribution channels.

1.11 Organization of the Study

This study has been divided into nine chapters (Figure 1.5). Chapter one deals with the origin and development of life insurance and its distribution channels, SWOT analysis. In Chapter two, empirical, theoretical and conceptual studies from different perspectives have been reviewed to bring light to those aspects which need further research from other dimensions. Chapter three was divided into three methods and techniques used to conduct the study. This chapter describes how data was analyzed and limitation of the study. Chapter four deals with emergence, growth and types of distribution channels. Chapter five presents analysis of distribution strategies followed by public and private life insurers in India. In Chapter six, financial appraisal of life insurance companies and distribution channels has been analyzed. Chapter seven deals with the customers’ perception in which data collected through primary source was analyzed and compared. Chapter eight examines intermediaries’ perception in which data was collected through primary source. Chapter nine gives summary, implication of the research findings and conclusion of the study. The structure of the thesis is shown in Figure 1.5.
Chapter 1

Figure 1.5
Structure of the Thesis

1. Introduction
   - Origin
   - Development
   - SWOT analysis

2. Review of Literature
   - Different studies

3. Methodology
   - Data analysis
   - Techniques

4. Distribution Channels of Life Insurance Business

5. Distribution Strategies of Life Insurers in India

6. Evaluation of Financial Performance of Life Insurance Companies vis a vis Distribution Channels

7. Distribution Channels on Customers’ Perspective

8. Intermediaries’ Perception in selling Life Insurance Business

9. Summary and Implications of Research Findings